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ABSTRACT

This booklet outlines a number of options available to employers to enable them to better cope with child care issues that they and their employees face. Major options include: (1) flexible work policies, such as flexible scheduling, alternate work places, shorter work weeks, and the consolidating of sick leave, holidays, and vacation time into one category called personal leave; (2) information and counseling services, such as child care referral and parent education; (3) financial assistance, such as flexible benefit plans, dependent care plans, and direct subsidies for child care; (4) direct provision of child care through on-site programs, consortia with other companies, or reserved spaces in local child care centers; and (5) support for or creation of services through charitable contributions, subsidized care for children who are ill or in special circumstance, or the provision of family day care networks. Before adopting any program or policy, employers should review management concerns, assess employees' child care needs, identify community resources, and analyze the costs and effects of various options. Employers may need to establish a management-employee task force or committee, or hire an outside consultant, to examine these questions. Effective child care programs help both the employer and employees, because such programs improve productivity, reduce absenteeism, lower employee turnover rates, enhance recruitment, improve morale, generate favorable publicity, and improve community relations and the public image of the corporation. (MDM)

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Employers Roundtable

EMPLOYER SUPPORTED CHILD CARE

March 4, 1991

Sponsored by:

Delaware Valley
Child Care Council

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U. S. Dept. of Labor
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Recent reports reveal the pool of trained, experienced employees is shrinking. Work styles and lifestyles of families have been changing. Almost half of the work force is now composed of women, ninety percent of whom will have children during their work careers. One of the major issues for today's employees, both men and women, is balancing their work and family lives. If employees have children, finding affordable accessible, quality child care usually tops their list of work/family issues. Employers face a new problem as they consider family-oriented benefits and child care involvement. Assisting employees with their child care needs does not mean opening a child care center. There are many more ways companies policies or benefit plans can help ease work/family stress. Before your company moves ahead, you will want to become informed of all your options and their costs.

MAJOR OPTIONS

FLEXIBLE WORK POLICIES

Flex-Time

Flex-time is a work schedule in which workers may choose arrival and departure times within certain limits.

Flex-Place

Flex-place work is work done at an alternate work site. Paying employees for their function instead of their time can be advantageous for some companies. Flexibility in work location can provide more home-time for parents to be with their children.

Shorter Work Week

There are several arrangements that employers can make to allow employees to work less than a 40 hour week: permanent part-time employment or job sharing with job security and benefits; voluntary reduced work time which allows full-time employees to reduce work hours for a specified period of time.

Personal Leave

Companies are finding ways to redefine sick leave and vacation time. Some have created "family sick leave" which employees can use for themselves or to care for sick family members. Others are allowing a certain number of days of sick leave to be taken as personal days. Some allow sick leave and/or vacation leave to be taken in part-day increments. A few companies have successfully grouped sick leave, holidays, and vacation time into one category called personal leave to be used at the employee's discretion.

INFORMATION AND COUNSELLING SERVICES

Child Care Resource & Referral or Information & Referral

Companies inform parents about available child care and provide some form of counseling on how to select care. Where resource and referral services already exist, a company should probably contact that agency.

Parent Education

Workshops or seminars on child care, child development, child rearing and work-family conflicts can be conducted at the workplace. In addition to responding to employees' information and counselling needs, seminars can be one vehicle to assess the level of employees' child care concerns. Most often it is offered as part of the employer's resource and referral contract agreement.

FINANCIAL ASSISTANCE

Flexible Benefit Plans

These are known as "cafeteria" packages. They allow employees to choose from a menu of taxable and non-taxable benefits which best suit their individual needs, and may include benefits such as medical coverage, life insurance, or child care. Usually, employers establish the maximum dollar amount which they will contribute to each employees' benefit package. If an employee chooses more benefits, the extra cost is paid by the employee.

Dependent Care Assistance Plans

Dependent Care Assistance Plans are salary set-aside plans which allow employees to set up a pre-tax account from which they pay for child care. They may or may not be a part of a cafeteria plan.

Direct Subsidies

The employer assists in paying the employee's child care fees, usually to the child care provider of the family's choice. This can take the form of direct reimbursement to the employee, payment to the provider through vouchers, scholarships or the purchase of reserved spaces for children at specific child care facilities.

DIRECT PROVISION OF CHILD CARE

On-site Child Care

For a company, developing its own center is a major commitment. Located at or near the work site, the facility may be operated as a division of the parent company, a subsidiary corporation, or an independent non-profit corporation.

Consortium Programs

Two or more companies which are unable, or unwilling, to open their own centers may wish to work together in developing a center. Consortiums have also been used to provide sick/emergency child care.

Reserved Spaces

When local supply of child care is adequate, reserved spaces (paid or partially paid by the employer) in local centers or family day care homes may be more feasible than trying to develop new programs.

SUPPORTING OR CREATING SERVICES

Charitable Contributions

Donations of money, goods or services can significantly improve the quality of programs in your community and/or lower the cost of care. These can be contributions to child care programs, to a local non-profit resource and referral agency, provider training, etc. These donations can be linked to special considerations for the company's employees.

Child Care for Sick Children

Companies may decide to provide a subsidy to help pay for the care of sick children, or establish a program for sick children (either by organizing a site and staff for the care, or by hiring workers to go into the family's home when there is an illness). Companies might also consider joining with other employers to form a consortium in order to offer this benefit.

Special Circumstance Child Care

This is the provision of child care for employees at conferences, night meetings, over-time, and out-of-town assignments. It can be a direct cash grant paid to the employee to purchase his or her own child care or providing child care at the conference or meeting site.

School Age Summer or Vacation Care

These are times which create special work/family stresses. Some companies are beginning to sponsor day camp/field trip programs to address this particular problem.

Family Day Care Networks

There are several ways companies can work with family day care homes in their areas: recruit and train family day care providers near the company, supply support services, contract with, or organize, a network of family day care homes.

Each of these options has different implications for your company and your employees. Some, such as opening your own center, can be quite costly. Setting up a consortium can be time-consuming. Others, such as DCAP's, can actually save you money through tax benefits if enough employees use the program. Implementing certain options may make you eligible for tax credits. You will first want to do a feasibility study to determine which of these many choices will bet fit your company, your workforce, and your company's budget.

FIRST STEPS

1. **Review Management Problems**	Management needs to be clear about problems which they hope to solve through work/family initiatives and whether those problems can, in fact, be solved. Sometimes work/family policies may already be in place in the company but do not seem to be working. The review needs to look at whether management policy differs from management practice. The Chairman of the Board or upper management may have supported a policy change, but if programs are not put in place to educate supervisors and support them in implementing the new policy, nothing will change.
2. **Assess Employees' Child Care Needs**	There are several popular tools for assessing employees' needs. Questionnaires are not necessarily the most effective. The return rate is often low and the responses often assess an ideal situation, not a real one. Face-to-face interviews with small focus groups may provide more useful information. Parent education seminars sponsored by the company can also reveal child care and other needs of employees. Other sources of information include personnel records, recruitment and exit interviews.
3. **Identify Community Resources**	Be sure to identify and contact your local resource and referral or child care agencies early in your planning process. They are your best single source of cost and supply data. Finding out how much child care is available locally, or what quality and what cost, has bearing on the effectiveness of any particular option for solving employee child care needs.
4. **Analyze Costs and Effects of Various Options**	The true cost of providing work/family assistance needs to take into account not only the program costs including tax benefits), but also savings in recruitment, turnover, and new staff training, reduced absenteeism, and increased productivity.

WHEN TO HIRE A CONSULTANT

All of this is going to take time. Because you have a business to run, a management/employee task force or committee may be invaluable throughout the planning process. They can do a lot of the initial gathering of information. However, at some point, you are likely to decide to turn to a child care consultant. Not all consultants are experienced in all phases of employer supported child care. Some are primarily management consultants who can design and conduct your feasibility study; others have expertise in company benefits; still others are experienced in designing and setting up child care centers. A few have a broad range of experience. Before you hire a consultant, you should find out what services your local agencies can provide. They can usually get you started by:

- Sharing information about employer supported child care from their reference materials which include basic information on employer options, samples of employee questionnaires and descriptions of current employer sponsored projects;

- Providing basic licensing and start-up information;

- Assisting in contacting local as well as state and national employer supported projects;

- Informing you of other services available to you in the community.

After your project has moved beyond the initial information-gathering stage, you will have a better idea what expertise you need for detailed planning and implementation. If you have a human resource department and access to accountants and lawyers, you may not need much outside help. If you are a small employer, your feasibility study/needs assessment may be a very informal affair. But, you now will be able to identify if you need a child care consultant and what you can expect him or her to do for you.

What can a child care consultant do for you?

- Inform you of services available in the community
- Evaluate the effectiveness of existing programs/policies
- Assess your company's child care needs
- Provide additional and detailed information on current employee child care options (including information on current IRS policies)
- Recommend the best match between your needs and the available options
- Identify potential costs and benefits
- Develop written policies and procedures
- Design a child care facility and select equipment
- Assist you in hiring staff for a center or in selecting a child care program to operate a facility for you
- Design and implement programs which are alternatives to center-based care
- Make contact with various licensing agencies to ascertain feasibility/acceptability of plan.

There are limits, however, to what a consultant can do. It may be that no one individual consultant can do all that is needed. You may find that you need to hire a lead consultant for the majority of the work and then specialists for other aspects of your project. And, no consultant can or should make the final decision for a company on how to meet employees' child care needs.

FINAL THOUGHTS

Considering all these steps, evaluating all your options, involving employees in the process may sound like too much time and trouble. Be informed. Build some contacts with other companies which have addressed work/family issues. You will find they are very enthusiastic about the results.

Who really benefits? -- the answer is EVERYONE benefits if the program is well designed and fits the special needs of the employees as well as the employer. National studies of employer-sponsored child care services have found the following:

- Improved productivity
- Lowered absenteeism
- Lowered job turnover rate
- Enhanced recruitment
- Improved morale
- Favorable publicity and community relations
- Improved public image

Companies also realize additional benefits in tax deductions, tax credits, and capital expenditure amortization.

Parents and children are, of course, the obvious beneficiaries; but, all of us gain from having children well taken care of while their parents work.

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